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To: Honorable Dan G. Johnson, Senator, Idaho Legislature

From: Douglas Shinkle, National Conference of State Legislatures  
Jonathon Bates, National Conference of State Legislatures

Date: January 31, 2020

Subject: State Support for Commercial Air Services

## Overview

- Information on laws and programs to provide various forms of support for commercial air services is provided from an examination of 14 states and the territory of Guam. For example:
  - In Iowa, an “Air Service Study” was ordered by the legislature to develop a plan for retention and expansion passenger air services.
  - In Nebraska, certain cities and regional authorities are authorized to collect a property tax to pay for commercial air carrier services.
  - In New York, technical assistance may be provided by the state Department of Transportation (DOT) to help prepare studies to attract, retain or improve air carrier services.
  - In South Dakota, local and regional authorities may compensate air carrier services for basic or enhanced services.
  - In Washington, a Commercial Aviation Coordinating Commission was created to make recommendations to the legislature on a new primary commercial aviation facility, as well as other long-term aviation facility needs of the state.
  - In Wyoming, legislative intent provides, *“there is an imminent need to develop and pursue a long-term plan for commercial air service in Wyoming through a coordinated approach.”*
  - In the territory of Guam, public corporations may be created to, *“promote and enhance the development of commuter air service...”*

## State Policy Research

State/Territory	State Law or Program Citation	Summary
Alabama	<a href="#">Ala. Code § 37-9-5</a>	<ul style="list-style-type: none"> <li>Provides that it is the policy of the state to regulate intrastate air commerce in such a manner as to: <ul style="list-style-type: none"> <li>Recognize and preserve the inherent advantages of such commerce.</li> <li>Foster sound economic conditions in such commerce and among air carriers in the public interest.</li> <li>Promote adequate, economical and efficient service by air carriers.</li> <li>Improve relations between and coordinate transportation by and regulation of air carriers and other carriers.</li> </ul> </li> </ul>
Colorado	<a href="#">Colo. Rev. Stat. § 24-46.6-101</a>	<ul style="list-style-type: none"> <li>Specifies legislative in that the Colorado General Assembly finds and declares, <i>“that the health, safety and welfare of the people of this state are dependent upon the continued existence and expansion of intrastate air service in this state... and that it is vital to the continued development of economic opportunity in this state, and especially on the western slope of the state, that the state provide incentives to air carriers that provide intrastate air services...”</i></li> </ul>
	<a href="#">§ 24-46.6-102</a>	<ul style="list-style-type: none"> <li>Creates the “Intrastate Air Service Study Fund” (Fund).</li> <li>Revenues in the Fund consist of intergovernmental aid from an agreement between the city and county of Denver and the state Division of Aeronautics, in addition to \$.04 cents per gallon of aviation fuel tax revenues. <ul style="list-style-type: none"> <li>Directs remaining revenues to the governmental entity operating the largest airport in the state.</li> </ul> </li> <li>Requires funds to be used for a study of intrastate air service within the state.</li> </ul>
Iowa	<a href="#">Iowa Code § 328.13</a>	<ul style="list-style-type: none"> <li>Creates a “Commercial Air Service Retention and Expansion Committee” (Committee) within the Aviation Office of state DOT.</li> <li>Directed the Committee, on or before December 31, 2014, to develop a plan for the retention and expansion of passenger air service within the state.</li> </ul>
	<a href="#">Commercial Air Services</a>	<ul style="list-style-type: none"> <li><i>“Nearly 40 percent of air travelers at commercial airports are visitors and more than half are traveling for business purposes.”</i></li> </ul>

State/Territory	State Law or Program Citation	Summary
	<a href="#">Air Service Study</a>	<ul style="list-style-type: none"> <li>• <i>“Airlines are increasingly relying on airports and communities to market air service and to provide incentives for new service; airlines will only enter new markets where it has been determined new service can be sustained in the long-term (p.2).”</i></li> <li>• <i>“Airlines determine levels of air service and airfares; however, opportunities do exist for airports and communities to enhance air service in Iowa (p.2).”</i></li> </ul>
Maine	<a href="#">Me. Rev. Stat. Ann. § 6-19</a>	<ul style="list-style-type: none"> <li>• Creates with the state DOT a “Small Community Air Service” program to administer subsidies to qualified air carriers, patterned after the federal “Essential Air Service” program.</li> <li>• Include language that state DOT’s program may consider certain criteria, such as a minimum round-trip and minimum seating for each eligible point to destinations.</li> <li>• Requires an air carrier to be certified by the Federal Aviation Administration to be eligible to receive a subsidy, in addition to demonstrating a need for such subsidy. <ul style="list-style-type: none"> <li>○ Further, the eligible point must be currently served by no more than one air carrier.</li> </ul> </li> <li>• Requires air service subsidies to be allocated between the state and the community desiring to receive new service.</li> </ul>
Minnesota	<a href="#">Minn. Stat. Ann. § 360.0151</a>	<ul style="list-style-type: none"> <li>• Establishes the Air Service Marketing Program, <i>“to encourage the preservation and expansion of scheduled passenger air carrier service to greater Minnesota.”</i></li> <li>• Authorizes funds to be appropriated from the State Airports Fund to: <ul style="list-style-type: none"> <li>○ Air service marketing grants.</li> <li>○ Conducting statewide study to determine the feasibility of air service initiatives.</li> <li>○ Make grants available to political subdivisions that own and operate airports.</li> </ul> </li> </ul>
Mississippi	<a href="#">Miss. Code Ann. § 57-1-471</a>	<ul style="list-style-type: none"> <li>• Creates the “Mississippi Air Service Development Program Fund” (Fund) to provide grants to commercial service airports, including: <ul style="list-style-type: none"> <li>○ Adding air service to a new destination.</li> <li>○ Adding frequencies to current services.</li> <li>○ Lowering fares/introducing new competitive service.</li> <li>○ “Upgauging” aircraft.</li> <li>○ Adding a new Federal Aviation Administration (FAA) commercial air carrier.</li> </ul> </li> <li>• Outlines reporting requirements to the governor, lieutenant governor and Legislature.</li> <li>• Stipulates the grant recipients shall only use funds in accordance with FAA regulation.</li> </ul>

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Nebraska	<a href="#">Neb. Rev. Stat. § 3-504.02</a>	<ul style="list-style-type: none"> <li>• In certain cities, an Airport Authority shall represent the interests of the city under the direction of the mayor.</li> <li>• Authorizes such cities to establish a fund for commercial and general aviation purposes to impose an annual levy not to exceed three-tents of one cent on each \$100, which shall be collected upon the property.</li> </ul>
	<a href="#">§ 3-708</a>	<ul style="list-style-type: none"> <li>• Directs, if established, a Joint Transportation Authority (Authority) to encourage, foster and promote development of commercial and general aviation for the area which it serves, and to advance the interests in aeronautics and in commercial air transportation and its scheduling.</li> <li>• Permits an Authority to represent the interests of their service areas in commercial air service hearings.</li> </ul>
New York	<a href="#">N.Y. (Transp.) § 14-L</a>	<ul style="list-style-type: none"> <li>• Allows assistance to be provided by state DOT in the form of grants and loans for capital improvements and technical assistance, including: <ul style="list-style-type: none"> <li>○ Preparation of studies to attract, retain or improve air carrier or air cargo services.</li> </ul> </li> </ul>
Rhode Island	<a href="#">R.I. Gen. Laws § 42-64.32-1</a>	<ul style="list-style-type: none"> <li>• Specifies legislative intent in that, <i>"It is hereby found and declared as follows: (a) The development of additional scheduled air carrier and cargo services ("air service") to T.F. Green state airport is essential to improving the overall economic climate of the state... (b) Providing incentives, revenue guarantees and/or other support for new or additional air service on new or additional routes is an important step..."</i></li> </ul>
	<a href="#">§ 42-64.32-3</a>	<ul style="list-style-type: none"> <li>• Directs the Rhode Island Commerce Commission to establish an "Air Service Development Council" (Council).</li> <li>• Outlines the Council's authority and responsibility for entering into agreements with scheduled air carriers, including to provide direct financial incentives, revenue guarantees and/or other support to incentivize air service to T.G. Green State Airport.</li> <li>• Allows the Council to provide incentives to one scheduled air carrier without offering identical incentives to other scheduled air carriers.</li> <li>• Requires the Council to publish the criteria to evaluate proposals or arrangements.</li> <li>• Stipulates that support in the form of funding funds may only be financed by proceeds "Air Service Development Fund" proceeds.</li> </ul>

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South Dakota	<a href="#">S.D. Codified Laws Ann. § 50-4-14</a>	<ul style="list-style-type: none"> <li>The state “Aeronautics Fund” (Fund) may be used for: <ul style="list-style-type: none"> <li>The matching of any funds made available by the United States, this state, or any of the political subdivisions of this state for the purchase of sites for airports, and for the construction, development, and maintenance of the airports.</li> </ul> </li> </ul>
	<a href="#">§ 50-6A-38.1</a>	<ul style="list-style-type: none"> <li>Authorizes a Regional Airport Authority (Authority) to provide funds for air carrier air service.</li> <li>An Authority may pay compensation to a regularly scheduled commercial air carrier to provide basic or enhanced air service as provided in the <a href="#">federal Airport and Airway Safety and Capacity Expansion Act of 1987</a>.</li> <li>An Authority may also provide compensation to a regularly scheduled air carrier.</li> <li>Requires funds provided by an Authority to be budgeted.</li> </ul>
	<a href="#">§§ 9-12-14.1 and 7-18-19</a>	<ul style="list-style-type: none"> <li>A municipality or county may pay compensation to a regularly scheduled commercial air carrier to provide basic or enhanced air service as provided in the federal Airport and Airway Safety and Capacity Expansion Act of 1987.</li> <li>A municipality or county may also provide compensation to a regularly scheduled air carrier under contract with the South Dakota Airline Authority.</li> <li>Requires funds provided by a municipality or county to be budgeted.</li> </ul>
Virginia	<a href="#">Va. Code § 5.1-2.2</a>	<ul style="list-style-type: none"> <li>Empowers the Virginia Aviation Board (Board) to: <ul style="list-style-type: none"> <li>Make budget recommendations to the commonwealth Department of Aviation.</li> <li>Advise the Governor and the Director on matters relating to the Commonwealth's aviation policies and programs.</li> <li>Provide a means of citizen access.</li> </ul> </li> </ul>
	<a href="#">§ 5.1-2.2:2</a>	<ul style="list-style-type: none"> <li>Directs the Board to develop and review every five years a commercial air service plan for airports.</li> <li>Requires the Board to coordinate with each commercial air service airport.</li> </ul>
Washington	<a href="#">2019 Wash. Laws, Ch. 396</a>	<ul style="list-style-type: none"> <li>Creates the state Commercial Aviation Coordinating Commission (Commission), consisting of 15 voting members, to make recommendations on a new primary commercial aviation facility by January 1, 2022.</li> <li>Specifies legislative intent in that, <i>“the Commission shall project a timeline for the development of an additional commercial aviation facility that is completed and functional by 2040.”</i></li> </ul>

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Wisconsin	<a href="#">Transportation Stakeholder Task Force</a>	<ul style="list-style-type: none"> <li>• <i>“The 2017-2019 budget earmarked \$4 million for Alexander Field in Wisconsin Rapids to accommodate increased activity from the Sand Valley Golf Resort, and \$1.7 million to Appleton International Airport for an on-Airport Rescue and Firefighting Training Facility associated with Fox Valley Technical School (<a href="#">p.2</a>).”</i></li> </ul>
Wyoming	<a href="#">2018 Wyo. Sess. Laws, Ch. 40</a>	<ul style="list-style-type: none"> <li>• Specifies legislative intent in that, <i>“The reliability and quality of commercial air service directly affects Wyoming's ability to promote and achieve the goals of the legislative and executive branches' economic initiatives; (ii) There is an imminent need to develop and pursue a long-term plan for commercial air service in Wyoming through a coordinated approach...”</i></li> </ul>
	<a href="#">Air Service</a>	<ul style="list-style-type: none"> <li>• <i>“The Air Service Development Program plays a crucial and integral role in promoting and developing commercial and general air service in the state. Due to Wyoming’s small population and expansive area, it is no small task to retain, attract, and enhance air service to the state’s communities.”</i></li> <li>• <i>“Through the Air Service Enhancement Program (ASEP) we are able to take an active role in promoting and encouraging commercial air service within our state through various sponsorships, and helping our communities financially support critical, new, or existing air service vital to their economic wellbeing.”</i></li> </ul>
Guam	<a href="#">Guam Code Ann. § 12-80101</a>	<ul style="list-style-type: none"> <li>• Authorizes public corporations to be created and shall, <i>“promote and enhance the development of commuter air service...”</i></li> <li>• Specifies that “commuter air service” is defined as any locally chartered airline in operation.</li> </ul>